Government of Saskatchewan

Annual Report 1990-91

Saskatchewan Economic Diversification and Trade

Department Mission Statement

To Work With Businesses, Communities and People
To Expand and Diversify the Saskatchewan Economy

92-05070/

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Letters of Transmittal

The Honourable Sylvia O. Fedoruk, OC, SOM
Lieutenant Governor of the
Province of Saskatchewan

Madam:

I have the honour to submit the Annual Report of Saskatchewan Economic Diversification and Trade for the fiscal year ending March 31, 1991.

Respectfully submitted,

Dwain Lingenfelter
Minister of Economic
Diversification and Trade

To the Honourable Dwain Lingenfelter
Minister of Economic Diversification
and Trade

Sir:

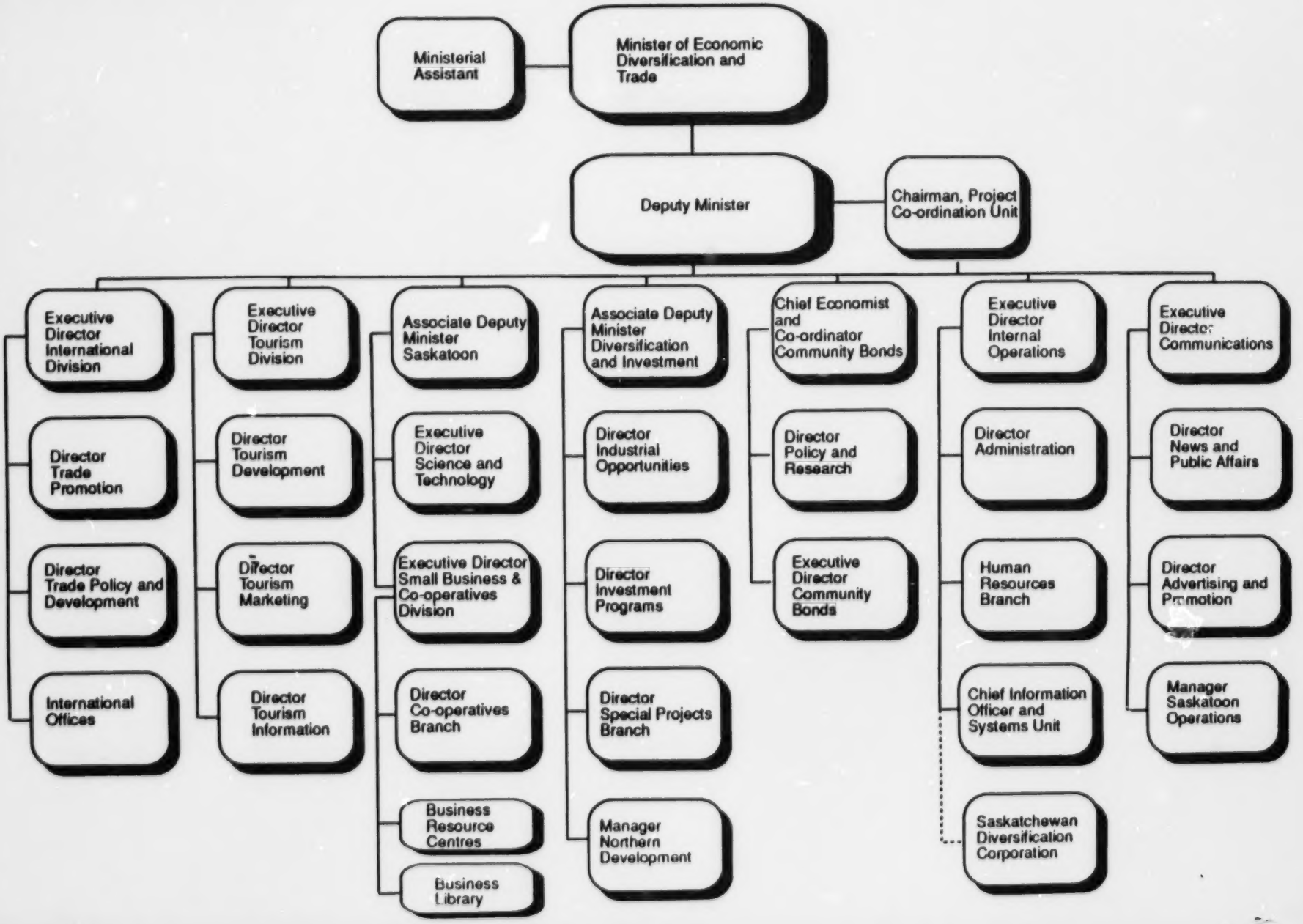
I hereby submit for your consideration the 1990-91 Annual Report of Saskatchewan Economic Diversification and Trade.

Respectfully,

William F. Allcock
A/Deputy Minister
Economic Diversification and Trade

Organization Chart

As of March 31, 1991



The Year in Review

The Department of Economic Diversification and Trade was created on April 1, 1990 by combining the following departments:

- Economic Development and Tourism,
- Public Participation,
- Science and Technology, and
- Trade and Investment.

The objectives of the new department were to:

- improve the climate for economic activity;
- develop new diversified products and markets;
- strengthen and expand existing industries;
- secure and expand the basis for community economic development; and,
- establish a co-operative base for economic planning with business, labour and communities.

During the year under review, the department introduced *The Community Bonds Act* and its regulations to promote increased participation by the public in community and economic development.

The Saskatchewan Economic Diversification Council was established to advise government on economic issues.

The department, in co-operation with the Regina Task Force on Economic Development, developed a convincing case for office relocations from major Canadian centres into Regina. The material was expected to assist with the federal government's relocation of over 200 jobs into the city.

Economic Diversification and Trade launched and directed a major government campaign (Spirit of Saskatchewan) across the economic sector to encourage a more positive attitude toward economic development by emphasizing its importance to Saskatchewan people.

Efficiency was increased through enhancements of the department's computer network and administrative support.

The Labour-sponsored Venture Capital Program (LSVCC) was introduced. Under the program, employees who invested in their employer company were eligible for a provincial tax credit and a matching federal tax credit.

Staff worked in partnership with Saskatchewan exporters to maintain, expand and diversify the province's exports. Saskatchewan's interests were represented in GATT negotiations, removal of interprovincial trade barriers, and implementation of sections of the FTA.

Advocacy, funding, and lobbying efforts supported researchers and industry in the development and sale of new technology products and services. This included capturing up to $300 million worth of procurement activities for the Tactical Command, Control and Communications System (TCCCS), a major rebuild of Canada's military communications system.

Programs and services encouraged and assisted entrepreneurship in the province. Services were delivered through 13 Business Resource Centres, the Co-operatives Branch and a central Business Library. A record 155 co-operatives were incorporated, representing a 55 per cent increase over the previous year.

The department developed a Saskatchewan tourism strategy in partnership with the province's tourism industry, and handled a record volume of travel inquiries in the 1990 calendar year.

The following chapters provide additional details of the major activities undertaken by the department during the 1990-91 fiscal year.

Chief Economist/Co-ordinator Community Bonds

During 1990-91, the Office of the Chief Economist/Co-ordinator Community Bonds was responsible for the operations of the Policy and Research Branch, the Saskatchewan Economic Diversification Council and the Community Bond Office.

The **Policy and Research Branch** monitored the Saskatchewan economy and provided advice and co-ordination on economic policies and programs.

The **Saskatchewan Economic Diversification Council** was appointed in August 1990 to provide advice to the government on economic issues facing the business community and to develop a blueprint to the year 2000. It was supported by a small secretariat.

The **Community Bond Program** was launched in May 1990 with passage of *The Community Bonds Act*. Community Bonds raise local capital for equity investment in commercially viable community economic development projects. *The Community Bonds Act* was administered jointly between the staff of Economic Diversification and Trade, and the staff and funds of the Saskatchewan Diversification Corporation.

At fiscal year end:

- there were 49 Community Bond Corporations, with 56 more anticipated;
- there had been 209 consultation meetings attended by 3,342 community representatives wanting to find out more about bonds, and the Community Bonds Office had handled 1,148 inquiries;
- there were 40 Community Bond projects in progress; and,
- 906 Saskatchewan people had invested a total of $1,050,200 in their communities through the two bond offerings which had been completed.

Communications Division

The Communications Division supported the department's objectives by implementing communications strategies and developing appropriate tools to market Saskatchewan to provincial, national and international audiences. The division comprised two main branches: Advertising and Promotion, and News and Public Affairs.

The **Advertising and Promotion Branch**:

- designed, developed and implemented advertising strategies, including public/private sector co-operative marketing programs and research activities;
- provided communications support to provincial, national and international trade shows; and,
- produced key communications tools in support of departmental programs which highlighted Saskatchewan's competitive advantages.

The **News and Public Affairs Branch**:

- supported the department's public affairs activities such as media liaison, interviews and news conferences;
- provided research, writing and co-ordination functions for news releases, speeches, articles, newsletters, correspondence, brochures and other written communications; and,
- delivered the department's special events, Lapel Pin, and Saskatchewan Ambassador programs.

The **Saskatoon Operation** of the division provided support to the overall communications program and managed activities in Saskatoon and area.

During 1990-91, the Communications Division launched and directed a major government campaign (Spirit of Saskatchewan) across the economic sector to encourage a more positive attitude toward economic development by emphasizing its importance to Saskatchewan people.

Staff co-ordinated provincial government involvement in several successful special events including:

- Tourism Awareness Week,
- provincial and national Science and Technology Week,
- Co-operative Merit Awards and,
- High Tech Awards.

The division assisted in the launch of a "Career Mentoring for Women in Science" program, expanded science fair initiatives and initiated "Innovators in the Schools" project planning for 1991-92.

Internal Operations Division

During the fiscal year under review, the Internal Operations Division provided administrative support to the department through the Human Resources and Administration Branches. The division also managed the department's computer network through the Chief Information Officer and Systems Unit.

The **Human Resources Branch** was responsible for the department's staffing, classification, staff development and labour relations needs.

The **Administration Branch**:

- prepared budget and financial reports;
- finalized fiscal forecasts for Treasury Board;
- acted as the Legislative Officer for the department;
- processed accounts for the department, Economic Diversification Fund, and Northern Revolving Fund; and,
- operated the mailroom and stockroom.

The **Chief Information Officer** provided advice and guidance to the department on information needs and technology requirements, including the development of a Strategic Information Technology Plan.

Diversification and Investment Division

The Diversification and Investment Division supported the growth of Saskatchewan's economy through a number of activities carried out by four program delivery branches: the Industrial Opportunities Branch, the Investment Programs Branch, the Special Projects Branch and the Northern Revolving Fund.

During the 1990-91 fiscal year, the **Industrial Opportunities Branch** provided technical assistance to developers, investors, entrepreneurs and firms attempting to create or expand industrial projects within Saskatchewan.

The **Investment Programs Branch** administered a number of programs designed to encourage equity investment in Saskatchewan. They were the Venture Capital Program, Small Business Investment Incentives Program, Labour-Sponsored Venture Capital Program, and Business Immigrant Programs.

- The Labour-sponsored Venture Capital Program (LSVCC) was introduced in 1990. Under the program, employees who invested in their employer company were eligible for a provincial tax credit and a matching federal tax credit. Three LSVCCs were created, total capitalization for 1990-91 was $402,000.

- Twenty-three Small Business Incentive Corporations (SBICs) were created, with a total of $4.1 million raised under the program during 1990-91.

- Participated in the federal government's Business Immigration Programs, designed to encourage experienced business people who were prepared to establish businesses or make substantial investments in existing businesses, to immigrate to Canada.

The Northern Revolving Fund was established to bridge a gap created by the absence and/or general unwillingness of the conventional lending community to provide loan investment capital to small business entrepreneurs throughout Northern Saskatchewan.

- During the 1990/91 year, the fund received 178 loan financing applications. Of this total, 104 proposals in the corresponding principal amount of $4.715 million were approved, representing the second highest level in the program's 18 year history.

- A total of $4.461 million was invested with 39 conventional businesses while $0.254 million was advanced to 65 primary producers (fishers, trappers, and wild rice growers). Actual principal advances totalled $4.158 million.

The **Special Projects Branch** worked with Saskatchewan and foreign manufacturers, producers, financial institutions and financial intermediaries, service companies, associations and other federal/provincial government departments, to facilitate projects beyond the capacity of the department or where the department was not the lead agency.

International Division

During 1990-91, the International Division worked in partnership with Saskatchewan exporters to maintain, expand and diversify the province's exports. The division operated two branches, the Trade Promotion Branch and the Trade Policy and Development Branch. Trade offices in London, Zurich, Hong Kong, Minneapolis and New York were also managed by the International Division.

The **Trade Promotion Branch** worked with Saskatchewan manufacturers, producers, service companies and associations to increase international sales of Saskatchewan goods, services and technologies. The branch provided consulting services to companies regarding markets, marketing strategies, export potential and requirements.

- Staff participated in 56 trade shows involving 179 companies and generating 3,533 leads, $2,274,000 of direct sales and $21,000,000 in projected sales.
- The branch also facilitated educational seminars on exporting.
- The Export Marketing Assistance Program (EMAP), funded 168 marketing initiatives. The $220,000 disbursed to 108 companies resulted in actual sales of $2,885,000 and projected sales of $35,498,000.
- The Trade Opportunity Program (TOP) disbursed $112,000 to 10 companies. The program cost-shared graduate employees' salaries and export travel expenses.

The **Trade Policy and Development Branch** was the government centre for technical expertise on all trade policy and development matters

The branch:

- developed Saskatchewan positions and strategies on issues in all relevant areas of GATT and NAFTA negotiations, removal of interprovincial trade barriers, and implementation of sections of the FTA;
- co-ordinated Saskatchewan responses to trade issues and disputes such as the U.S. countervailing duty applied to exports of fresh, chilled and frozen pork from Canada, and the inspection of meat at U.S. border crossings;
- managed participation with the federal government and industry for accelerated tariff removal under the FTA; and
- focussed trade development efforts in the People's Republic of China and Kazakhstan where Saskatchewan is exploring markets for agricultural products, technology and services.

The International Offices helped Saskatchewan exporters establish contacts in other countries and develop new export markets. The territories covered dictated to some extent the priorities of each office.

In conjunction with the department and various Saskatchewan export companies, the offices continued to help develop new markets for Saskatchewan products in China, Eastern and Mid U.S. states, and in Europe. As of March 31, 1991, the division operated foreign trade offices in New York, Minneapolis, Hong Kong, London and Zurich.

Science and Technology Division

The Science and Technology Division supported development of the advanced technology sector in Saskatchewan through advocacy, funding, and lobbying efforts in support of researchers and industry .

Division priorities included:

- advanced technology industry expansion;
- technology development and transfer;
- growth of a world class research and development infrastructure;
- national/international research support;
- expanded venture capital investment in technology development; and,
- increased public awareness of Saskatchewan's research and technology excellence.

During the fiscal year under review, the division provided financial assistance of $2,832,664 to 43 companies and organizations for 52 projects through a seven-part Research and Development Program.

The division also assisted in capturing up to $300 million of procurement activity for TCCCS (Tactical Command, Control and Communications System), a major rebuild of Canada's military communications system.

In addition, the division:

- lobbied approximately $100 million in Canadian Space Agency contracts for Saskatchewan companies in the 1990s;
- finalized the Canada/Saskatchewan RADARSAT Disbursement Agreement which will assist in procurement of up to $20 million in contracts to Saskatchewan; and,
- secured funding support for Phase I of a $200 million Earth Environment Space Initiative (EESI), a western-based program to develop and operate satellite-based environmental monitoring technologies.

Other 1990-91 highlights included:

- negotiation of Saskatchewan participation in the National Networks of Centres of Excellence Program which will result in $8 million in federal funding over four years for Saskatchewan involvement in six national research and development networks; and,
- initiation of federal negotiations to establish a five year $10 million Communications Technology Partnership Agreement.

Small Business and Co-operatives Division

The Small Business and Co-operatives Division offered programs and services to encourage and assist entrepreneurship in the province. The division delivered services through 13 Business Resource Centres, the Co-operatives Branch and a central Business Library.

Business Resource Centres (BRCs) provided a local contact point with government for the business and co-operative community. BRCs were located in:

- Estevan
- North Battleford
- Regina
- Swift Current
- Meadow Lake
- Moose Jaw
- Prince Albert
- Saskatoon
- Yorkton
- La Ronge

- with visiting BRCs at Creighton, Buffalo Narrows and Lloydminster. Co-operative specialists are located in Regina, Saskatoon, Prince Albert and La Ronge.

At BRCs, individuals planning to start or expand businesses could confer with experienced consultants when assessing the viability of their projects and preparing their business plans. The BRCs handled 32,673 requests for assistance during 1990-91.

The **Co-operatives Branch** encouraged the use of the co-operative business model and managed pertinent government policy and program development. Staff also reviewed and monitored legislation affecting co-operatives. During 1990-91, a record of 155 co-operatives were incorporated, representing a 55 per cent increase over the previous year.

The department's **Business Library**, located in the Regina BRC, housed an extensive collection of business reference materials. It had more than 3,800 items in its on-line catalogue and could access a number of external data bases. The library provided some limited reference services for the province's business community.

The division sponsored a successful series of home and farm-based business seminars in 49

rural communities, involving 360 participants.

Tourism Division

The Tourism Division served as the government's principal contact with the tourism industry and the travelling public on all matters related to tourism development, marketing, travel information, human resource training, research and planning.

It consisted of three branches: Tourism Development, Tourism Marketing and Tourism Information Services.

The **Tourism Development Branch** provided consulting services to industry on potential and existing tourism projects. The branch delivered the following financial assistance programs:

- the Community Tourism Assistance Program (CTAP), which supported the marketing and capital development projects of local non-profit tourism organizations; and,

- the Destination Saskatchewan Program, which assisted the industry in developing tourism destinations and travel packages for major target markets.

The **Tourism Marketing Branch** worked with tourism industry partners, travel media and travel trade to promote Saskatchewan as a vacation destination. It encouraged the development of packaged travel by wholesalers, motorcoach, tour operators, auto clubs and travel agents; adventure and incentive travel; business (convention and trade show) travel; and general touring in primary markets.

The **Tourism Information Services Branch** provided a centralized tourism inquiry and counselling service; provided data collection on, direction for and distribution of government tourism publications; and contracted the Tourism Industry Association of Saskatchewan (TISASK) to operate the province's visitor reception centres.

The branch also conducted tourism research, helped develop standards and certification for tourism occupations and acted as department liaison with the various sectors of the tourism industry.

During the 1990-91 fiscal year, the Tourism Division:

- developed, after industry consultation, a draft tourism strategy for Saskatchewan;

- committed $2.6 million under CTAP to 82 communities for local initiatives, for an average of $31,700 per community;

- provided major support to Heart of Canada's Old North West, Saskatchewan's first tourism destination region, including $2.5 million funding of major projects valued at $11.56 million; and,

- handled a record volume of travel inquiries to Tourism Saskatchewan in the 1990 calendar year.

Other

Co-Operative Guarantee Board

The Co-operative Guarantee Board was constituted under the authority of the *Co-operative Guarantee Act*. This act was intended to assist co-operatives which do not qualify for loans from conventional lenders.

The Co-operative Guarantee Board did not meet during the 1990-91 fiscal year. No applications for loan guarantees were received. There are two outstanding loans under the jurisdiction of this board.

Economic Development Foundation of Saskatchewan Act

The Economic Development Foundation of Saskatchewan Act is in the process of being repealed. This legislation was never used and there was not any programming administered under this authority.